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SUBJECT: CODEL MURRAY: ECONOMIC COOPERATION -- NOT TAIWAN ARMS --
HIGHLIGHTED IN DISCUSSIONS WITH SHANGHAI LEADERS

(U) Sensitive but unclassified. Not for dissemination outside
USG channels; not for Internet distribution.

¶11. (SBU) Summary: Shanghai Municipal leaders highlighted U.S.-China trade and investment cooperation in their meetings with CODEL Murray on January 15. Municipal Communist Party Secretary Yu Zhengsheng focused on the transportation sector in particular, pointing to General Motors (GM) and General Electric (GE) as examples of positive cooperation. Neither Yu nor Shanghai Municipal People's Congress Vice Chairman raised the question of U.S. arms sales to Taiwan with Senator Murray and her colleagues, suggesting the Central Government's rhetoric on this issue has little resonance with local Chinese leaders whose chief priority remains economic development. End Summary.

Shanghai Party Secretary: Economy Rolling Along

¶12. (SBU) Shanghai Municipal Communist Party Secretary Yu Zhengsheng opened the January 15 meeting with CODEL Murray by remarking that President Obama's November 2009 visit to Shanghai was "very successful" and served to underscore the positive and constructive nature of the U.S.-China relationship. Shanghai's economy appears to have withstood the worst of the global financial crisis, Yu said, giving partial credit to U.S. business investment in the city. Yu emphasized ongoing cooperation with General Motors (GM), noting that GM's production in Shanghai increased by approximately 50 percent in ¶2009. While it is unlikely the coming year will be able to duplicate the same level of success, Yu observed that domestic consumers' behavior has been the driving force behind GM's success in Shanghai.

¶13. (SBU) Party Secretary Yu discussed new business projects between the United States and China with strong Shanghai involvement, including a deal to build several nuclear power plants. He claimed American nuclear power technology was far more advanced than that of other countries, including France and Russia. Yu also mentioned a new project with General Electric (GE) to produce airplane engines in China. The strong economic

cooperation between the U.S. companies and Shanghai, Yu claimed, would contribute to the industrial growth of both the United States and China.

Municipal People's Congress: Focus on Infrastructure

¶4. (SBU) In a separate meeting and lunch, Shanghai Municipal People's Congress (SMPC) Vice Chairman Hu Wei stressed that Shanghai has many economic and trade connections with several U.S. cities. Shanghai's GDP grew by 8.7 percent in 2009 due in large part to these ties with the United States. Currently, Shanghai is engaged in major infrastructure development for the Shanghai 2010 World Expo. In view of the Expo's theme of "Better City, Better Life," the Shanghai Municipal Government is striving to improve environmental protection, he said, adding that the municipal government's goal is "cleaner air and cleaner water." However, he acknowledged that Shanghai has many challenges, especially in the transportation sector. In addition, Shanghai has too many skyscrapers and the municipal government has sought to improve "green" measures for tall buildings.

¶5. (SBU) SMPC Vice Chairman Hu said while the United States and China have many differences, there are more reasons to

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cooperate, especially in terms of business. During lunch, Hu and Senator Murray agreed that there needs to be increased bilateral cooperation on intellectual property rights (IPR) protection. Hu also emphasized that the Shanghai Municipal Government wants to bolster its economy through green technology.

Comment: Shanghai Leaders Avoid Taiwan Issue

¶6. (SBU) Comment: What was not said was perhaps the most notable point of the Senators' meeting with Yu and Hu. Neither Party Secretary Yu -- a member of the Communist Party's Politburo and, thus, nominally belonging to China's "central" leadership -- nor SMPC Vice Chairman Hu raised the issue of Taiwan arm sales, the topic which dominated the CODEL's Beijing discussions. The silence on this subject in Shanghai suggests the Central Government's harsh rhetoric on possible Taiwan arms sales by the United States has little resonance among local Chinese political leaders who continue to see the relationship with the United States primarily as an avenue to foster economic development.
End Comment.

Meeting Participants

¶7. (U) U.S. Participants at both meetings

Senator Patty Murray

Mr. Rob Murray, husband of Senator Murray
Senator Christopher Bond
Senator Roland Burris
Mr. Evan Schatz, Legislative Director, Office of Senator Murray
Mr. C. Michael DuBois, Senior Legislative Assistant, Office of Senator Bond
Mr. Travis Lumpkin, Legislative Assistant, Office of Senator Murray
LTC Rich Root, U.S. Army Senate Liaison Office
LT Justin Cox, Office of Attending Physician
Ms. Beatrice Camp, Consul General, U.S. Consulate
Ms. Fei Yuying, Interpreter, U.S. Consulate
Mr. Jessup Taylor, Notetaker, U.S. Consulate

18. (U) Chinese Participants at Party Secretary Yu Meeting

Yu Zhengsheng, Secretary, Shanghai Municipal Party
Jin Mao, Member, Foreign Affairs Committee, National People's Congress
Yao Mingbao, Secretary General, Standing Committee, Shanghai Municipal People's Congress
Ding Xuexiang, Secretary General, Municipal Party Standing
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Committee
Li Mingjun, Director, Shanghai Municipal Foreign Affairs Office
Peng Fang, Director, Foreign Affairs Office, National People's Congress
Wang Zhong, Vice Director, Budget Committee, Shanghai Municipal People's Congress

19. (U) Chinese Participants at Vice Chairman Hu Lunch and Meeting

Hu Wei, Vice Chairman, Shanghai Municipal People's Congress
Jin Mao, Member, Foreign Affairs Committee, National People's Congress
Yao Mingbao, Secretary General, Standing Committee, Shanghai Municipal People's Congress
Peng Fang, Director, Foreign Affairs Office, National People's Congress
Wang Zhong, Vice Director, Budget Committee, Shanghai Municipal People's Congress
Wu Jinlan, Deputy Director, Foreign Affairs Office, Shanghai Municipality
Xu Yi, Deputy Director, Standing Committee Office, Shanghai Municipal People's Congress

~~¶~~10. (U) CODEL staff cleared this cable.
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